

General Purposes & Audit Committee Supplementary Agenda



6. Croydon Finance Review - Phase 1, 2 and 3 Reports - Update on Implementation (Pages 3 - 18)

This report provides a progress report and update on actions taken in continuing to implement recommendations.

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Agenda Item 6

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 16th SEPTEMBER 2021
SUBJECT:	Croydon Finance Review – Update on Implementation
LEAD OFFICER:	Richard Ennis, Interim Director of Finance, Investment and Risk (S151 Officer)
CABINET MEMBER:	Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal
WARDS:	ALL
CORPORATE PRIORITY / POLICY CONTEXT: Implementation of the recommendations of the Croydon Finance Review forms part of the Croydon Renewal Plan	
FINANCIAL IMPACT: Implementation of the recommendations set out in the Croydon Finance Review will support the Council in delivering on and within a sustainable and affordable budget envelope, whilst allocating resources against corporate priorities. Thus the Croydon Finance Review improvement programme has an impact on the Council's overall financial position and forecasting.	

1. RECOMMENDATIONS

- 1.1 Note the latest position and progress in implementing the recommendations of the Croydon Finance Review as set out in the body and appendices to this report.

2. EXECUTIVE SUMMARY

- 2.1. An independent review of the Council's financial management arrangements was commissioned in May 2020 and was focused on three key areas: medium to long term financial management; the annual budget setting process; and financial performance monitoring. An action plan containing 75 recommendations, based on best practice as contained in the CIPFA Financial Management Code, has previously been considered by this committee as have subsequent updates – the last being in April 2021.
- 2.2. This report provides a progress report and update on actions taken in continuing to implement those recommendations. As with the previous report on to this committee on this project, Appendix 1 sets out a full listing and narrative relating to each recommendation.
- 2.3. A number of the recommendations are annual in nature and have already been adopted and implemented as part of the 2021/22 budget setting process.

Having been embedded into business as usual they are separately categorised and shown as being embedded rather than being shown as incomplete as they need to be refreshed on a cyclical basis

3. BACKGROUND

- 3.1. The emerging scale of the financial challenge faced by the Council in the early part of 2020/21, and significantly impacted by the Covid-19 pandemic, led the Council to commission a review of its financial management, governance and budget setting / monitoring arrangements. That review has been undertaken by a financial consultant (Ian O'Donnell) and, using the CIPFA Financial Management Code as a guide to good practice, resulted in 75 recommendations being made. These recommendations for improvement have been accepted by the Council and have themselves been incorporated into the Renewal Plan.

4 UPDATE ON PROGRESS

- 4.1 Significant progress has been made over the last twelve months to improve the standard of financial management within the Council.
- The budget setting process has been much more robust, recognising underlying spending pressures and requiring savings proposals to be evidence-backed;
 - The budget setting process has returned to planning ahead on at least a three-year planning horizon – identifying pressures and need to identify need to find savings earlier;
 - Scope within service areas to achieve savings or achieve greater value for money have been referenced to comparative data to provide insight and context as to where further savings might be achieved;
 - Monitoring and reporting of revenue and capital budgets has been embedded on a monthly reporting basis both at officer and member levels rather than being previously reported quarterly;
 - The commencement of the budget setting process has been brought forward in the financial year to allow for greater due diligence and scrutiny of the process and proposals. Cabinet is due to receive an update on the latest position for the 2022/23 budget in October with a further report in December;
 - Greater focus is given to managing the delivery of agreed savings programmes through Chief Executive-led Budget Assurance meetings to regularly monitor progress on delivery of savings and necessary mitigating actions – such progress is now incorporated into the monthly financial performance reports;
 - Regular monthly monitoring is allowing the likely outturn to be tracked and so far is able to be fully met from available contingency reserves. This is a significant improvement on the forecast position at the same time last year;
 - In addition to the monthly forecast itself, further risks or opportunities are also being monitored and reported on so as to track activity in managing those risks or delivering on opportunities.

- The development of a thirty-year business plan to assess the funding requirements and affordability of the HRA, and thus guide its borrowing and capital investment decisions, is now in draft stage and will be ready for consideration by members in the coming months;
- A task and finish group is nearing completion of the review of all Council group holdings and is putting in place suitable arrangements for their governance. Related to this the review of Brick by Brick has led to a strategy going forward that delivers maximum benefit to the Council.

4.2 A number of the recommendations relate to annual processes that have previously been completed and adopted as part of business as usual. Being cyclical they would otherwise re-appear as incomplete each year. Accordingly a separate classification has been added to the tracker to recognise these as “embedded”. In total the tracker records 37 of these in this category.

4.3 Whilst the Council has made good progress over the last year, more remains to be achieved if we are to operate fully in accordance with best practice as set out in the CIPFA Financial Management Code. Whilst few councils are likely to be fully compliant it remains our target to be best in class by addressing all 75 recommendations over a suitable time-span. In addressing those already dealt with, a prioritisation has been used to deal with the most important first and which deliver the greatest benefits. Some of the improvements set out in the previous paragraph are as the result of this prioritisation.

4.4 Of the total 75 recommendations, the detailed tracker set out in Appendix 1 a summary of the improvements is shown in the table below:

Status	Priority Classification					Total
	1	2	3	4	5	
Embedded	16	6	7	5	3	37
Green	3	1	2	1	4	11
Amber	-	-	-	6	21	27
Red	-	-	-	-	-	-
Total	19	7	9	12	28	75

4.5 A number of the recommendations relate to the adoption and implementation of a new Capital Strategy which in itself requires a number of detailed and complex work-streams to come together across both the General Fund and HRA and includes completion of detailed property condition surveys.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The approved MTFFS budgets included provision for bolstering the capacity of the finance function and with modest investment through the capital programme to improve the functionality of key financial systems.
- 5.2 The prioritisation and delivery of the improvements as set out in the Finance Improvement Plan are critical to the Council being able to manage its budgets and financial challenges going forward.

Approved by: Richard Ennis, Interim Director of Finance, Investment and Risk

6 LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that standards being used for the review are set out in the Chartered Institute of Public Finance and Accountancy's Financial Management Code (the CIPFA FM Code) and other professional advisory publications which embed the various statutory and professional requirements which apply to financial management within the Council. The Council is required to apply the requirements of the FM Code with effect from 1 April 2020.
- 6.2 The CIPFA FM Code is also supported by the statutory requirement to have in place sound financial management set out in Section 151 of the Local Government Act 1972 which requires that every local authority in England and Wales should "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".
- 6.3 Those responsibilities are further reinforced by Section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all Members if there is or is likely to be unlawful expenditure or if expenditure in the year (including forecasted expenditure) is likely to exceed resources (including borrowings). Members will be aware of the two section 114(3) reports which have to date been issued by the Chief Finance Officer to all Members under these provisions.
- 6.4 CIPFA's judgment is that compliance with the CIPFA FM Code is necessary for local authorities to demonstrate that they are meeting those legislative requirements and evidence how the Chief Finance Officer is meeting their statutory responsibility for sound financial administration.

7 HUMAN RESOURCES IMPACT

- 7.1 There is a proposal in development concerning the structure of the Finance team. This will be brought forward through the council's usual decision-making processes in 2021/22 financial year.

8 EQUALITIES IMPACT

8.1 There are no specific equalities implications.

9 ENVIRONMENTAL IMPACT

9.1 There are no specific environmental impacts

10 CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no specific crime and disorder reduction impacts.

11 DATA PROTECTION IMPLICATIONS

11.1 There are no specific data protection implications

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Reported April 21

No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
8	The authority should consider the affordability of its borrowing plans in the context of its overall budget risk and in particular the ongoing impact on the general fund of social care pressures. [BP 10]	Priority 1	Embedded	100	The forecast costs of borrowing, including the capitalisation direction, were taken into account over the MTFS period in the 2021/22 budget and are being refreshed as part of the 2022/23 Budget Setting process and refreshed three year MTFS. Affordability was also specifically considered as part of the approved Treasury Management Strategy and will be further refreshed as part of next year's budget setting			Blue		
17	Assessment of affordability should take into account the council's revenue position and the full range of risks associated with the proposed capital programme. [BP 18]	Priority 1	Embedded	100	Forecast borrowing costs were taken into account in setting the 2021/22 budget and MTFS - they are reviewed as part of the monthly monitoring process and are being incorporated into the 2022/23 budget plan and refreshed MTFS. Significant reactions to the capital programme have already been applied and the latest capital proposals are subject to review by the Capital Board taking into account affordability.			Blue	31/07/21	Amber
24	The MTFS should be rolled forward annually in July and updated in February as part of the budget setting process. [BP 26]	Priority 1	Embedded	100	A refresh of the MTFS and likely funding envelope / gap took place in June and a report is due to next Cabinet in October, setting out progress and scale of any residual or emerging gap. A further report to Cabinet is planned for December before a further report in February for Budget setting			Blue	01/03/21	Green
25	The MTFS should forecast 3-5 years ahead. [BP 27]	Priority 1	Embedded	100	The MTFS for 2021/22 to 2023/24 was prepared on a three year basis. The work so far completed on refreshing the MTFS extends that time horizon to provide a new three year outlook for next year's budget			Blue	30/06/21	Green
26	The council's budget setting process should bring together well-evidenced proposals for savings and growth that are based on a detailed understanding of costs and business practices and have clear delivery plans. [BP 28]	Priority 1	Embedded	100	Pro-forma budget change proposal forms were used for the 2021/22 budget and are again being used for this year's MTFS process. In addition to the information being provided on the form itself the Programme Management Office work with all service managers to further develop detailed delivery plans and monitor progress thereafter			Blue	23/09/20	Green
30	The authority should track progress in delivering planned savings through a savings tracker that should be reported with the monthly budget monitoring statement. [BP 32]	Priority 1	Embedded	100	An online savings tracker tool has been developed and implemented to track progress of all savings proposals. These are reported where delivery is not being met in the monthly financial monitoring report. In addition regular ELT challenge on delivery is held through Chief Executive-led Assurance Challenge sessions			Blue	18/12/20	
41	As part of the budget development process departments should collaborate across departmental boundaries to develop robust and deliverable cross-cutting savings proposals. [BP 43]	Priority 1	Embedded	100	In addition to departmental-focused identification of identifying savings options a number of cross-cutting and corporate workstreams are in progress to identify such proposals and form part of the refreshed MTFS workstream due to be reported to Cabinet in October			Blue	02/03/20	
43	Meetings between officers and members to explore budget options (Budget Development Meetings) should focus on prioritisation of proposals. Proposals should not be screened out politically before being presented at Budget Development Meetings. [BP 43]	Priority 1	Embedded	100	Development of further savings proposals to update the MTFS have in the first instance been officer-led and no options taken off the table before member consideration. Lead member portfolio holders have been informed and given feedback on such proposals			Blue	30/11/20	

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
44	The budget report should contain only savings proposals for which there is a clear and achievable path to benefits realisation. [BP 43]	Priority 1	Embedded	100	Pro-forma templates for budget proposals were used for the 2021/22 budget setting process and are again being used for 2022/23. These forms set out in narrative form the actions required to deliver and any identified risks in achieving deliverability			Blue	01/02/22	
45	The budget proposals brought forward by departments should be prioritised by members. Friendly and constructive challenge has an important role to play in the development of proposals, to ensure that they are aligned with corporate priorities, are developed to their full potential, and are sufficiently robust and deliverable. For these reasons budget development meetings should be held in September / October involving both members and officers. To ensure collective ownership of the financial position and decisions, all cabinet and ELT members should be invited to each meeting. The meetings will follow an agreed format and focus upon a particular set of proposals, grouped by theme (e.g. Capital) or by department. [BP 44]	Priority 1	Embedded	100	Budget Challenge sessions were held towards the end of the 2021/22 budget setting process and are scheduled to again be held following the December Cabinet when it is expected proposals will have been identified to allow for a broadly balanced 2022/23 budget to be put forward for consideration. Prior to those meetings challenge sessions will take place involving both officer and Cabinet portfolio holders to provide initial scrutiny and assurance around those proposals			Blue	02/03/20	
46	The budget development process should engage CLT members (i.e. directors), not only in their role as originators of budget savings and growth proposals, but collectively through regular briefings. [BP 44]	Priority 1	Embedded	100	Regular updates have been provided to ELT as well as to CLT and will continue through the budget development cycle			Blue	02/03/20	
50	The target level of reserves should be set by the s151 officer based on their professional judgement about the risks the council is facing, and the budget plan must prioritise maintaining the reserves at the target level above any operational considerations. The minimum level of reserves cannot be set on the basis of affordability in comparison with other priorities, but must be set on the basis of risk assessment as a fundamental requirement that underpins the stability of the organisation. [BP 46]	Priority 1	Embedded	100	The level of reserves was addressed in the s151 officers commentary contained within the 2021/22 budget setting report. The longer term need to build general reserves back to resilient levels were included in the MTFs and are under continued review as part of budget monitoring and refreshing the MTFs already undertaken and ongoing			Blue	02/03/20	Green
54	Where overspending is forecast, executive directors should set out options for bringing spending back within the agreed bounds and these should be considered and approved without delay through the appropriate governance arrangements. [BP 47]	Priority 1	Embedded	100	All overspends are included in the monthly monitoring report and are discussed and challenged at ELT meetings. Further, reported overspends or risks are also challenged for ways to mitigate as part of the regular assurance meetings. Service managers are under specific instructions that where individual overspends cannot be avoided, compensating savings should be found within the overall departmental cash limits			Blue	30/06/21	
56	The finance team should be increased in size to enable monthly budget monitoring. [BP 47]	Priority 1	Embedded	100	Additional resourcing was agreed for Finance and built into the 2021/22 budget. Linked to the overall corporate restructure, a formal restructure of the finance function is currently close to completion and after consultation permanent appointments are expected to be made to replace the current reliance on agency staff			Blue	30/06/21	
66	High risk budgets should be scrutinised by ELT and Cabinet members monthly as a minimum. [BP 53] see also BP 52	Priority 1	Embedded	100	Budget positions and likely risks are all reported in the monthly monitoring report considered by ELT and Cabinet			Blue	30/06/21	
67	ELT should receive a monthly budget monitoring report, which should also be shared with cabinet members. Formal quarterly reporting to Cabinet should continue. [BP 53]	Priority 1	Embedded	100	Budget positions and likely risks are all reported in the monthly monitoring report considered by ELT and Cabinet			Blue	30/06/21	Green

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
2	The authority should make greater use of independently verified comparative data in assessing its financial resilience and ongoing financial sustainability. [BP 2]	Priority 2	Embedded	100	Comparative data was used in forming the savings targets developed for the 2021/22 Budget and MTFS and have been further developed to inform the areas where costs may be reduced to average London levels or lower quartiles as part of the 2022/23 Budget Setting and MTFS process. Information on this analysis is expected to be included in the budget update report being prepared for the October Cabinet Further data sets to help guide this analysis have been identified and are currently being trialled to add further insight to this analysis			Blue	01/02/22	
5	Transformation activity should be supported by the council's strengthened programme management function to provide assurance that risks are managed and projects are delivered on time. [BP 6]	Priority 2	Embedded	100	Council has received and approved a detailed schedule of transformation funding for 2021/22, having been subject to scrutiny by an officer review panel in order to ensure such funding meets required criteria and delivers a positive return to the Council. This budget has been incorporated into the approved capital programme. Any further in-year funding requests will be reported for approval to Council at the appropriate time. Savings option pro-forma templates include details of any further transformation funding required and will be incorporated into the MTFS planning assumptions and budget update reports.			Blue		
7	The authority should manage its capital programme and associated funding arrangements within the forecast prudential indicators. [BP 10]	Priority 2	Embedded	100	The Treasury Management Strategy approved in March 2021 set out the revenue implications of the Council's borrowing needs and, in accordance with requirements of guidance, considers these in the light of affordability. A further update will be provided as part of the mid-year Treasury Management Strategy update.			Blue	31/01/21	Green
51	A full budget monitor should be produced monthly and reported to departmental management teams and to ELT. Cabinet should receive its first report on budget monitoring as early as possible in the cycle, which is likely to be the July Cabinet meeting. [BP 47]	Priority 2	Embedded	100	Monthly budget monitoring reports for both General Fund and HRA (including capital position) is being reported to ELT and Cabinet on a monthly basis			Blue	02/03/20	Green
52	The budget monitoring report should not only set out the financial forecast and associated risks but should also set out any corrective action required and the associated implementation plan. [BP 47]	Priority 2	Embedded	100	The monthly reports being sent to ELT and Cabinet not only include the forecast variance and includes areas of underspend to offset any adverse variance. In addition, potential further opportunities to deliver further savings are separately reported and thus being monitored to convert their potential into delivery.			Blue		
59	The authority should review and correct base budgets to ensure that they represent a credible spending plan for the year, particularly where there is an ongoing pattern of significant over/underspending. [BP 49]	Priority 2	Embedded	100	Base budgets and underlying pressures were identified in the 2021/22 Budget and MTFS and, where appropriate, allowed for in growth. In work ongoing on building the 2022/23 Budget and MTFS service need for growth is allowed for and submissions considered in the same way as savings are being considered. These pressures are validated against the current monitoring position to ensure they are properly considered.			Blue	01/07/21	Amber

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27	The budget report should update the MTFS, reconciling the previous MTFS forecast budget gap to the proposed budget. [BP 29]	Priority 3	Embedded	100	The starting point for the refresh of the MTFS and budget setting for 2022/23 is predicated on the position as set out in the 2021/22 to 2023/24 MTFS, and references back to this previously approved three year plan. In reporting the MTFS position to ELT (and due to be seen by Cabinet in October) an analysis will clearly set out the changes to previous assumptions			Blue	01/02/22	Green
31	The MTFS should contain analysis of the use of reserves against plan in the recent past, and the planned use of reserves over the MTFS period. The analysis should be underpinned by an analysis of financial risk. [BP 33]	Priority 3	Embedded	100	The planned level and use of reserves over a three year period were fully set out in the MTFS approved in March. Future anticipated levels, required within the need to maintain resilient levels, are incorporated into the MTFS development work currently in progress			Blue	01/02/22	Green
36	The budget report should update the MTFS each year, reconciling the budget proposals to the previous MTFS forecast, to ensure that the proposed budget and the medium term financial plan are in step and based on the latest information. The MTFS should be revised in full in July each year. [BP 42]	Priority 3	Embedded	100	The Budget report for the following single year and the MTFS have been consolidated into a single workstream as part of the 2021/22 process and remain a single activity on an ongoing basis			Blue	31/07/21	Green
48	The budget report should update the MTFS with any new assumptions arising from current financial performance as well as external factors. This should include any significant over/under-spending and an update on the delivery of planned savings and growth proposals in the current year. [BP 45]	Priority 3	Embedded	100	The Budget setting and MTFS planning process take into account the current financial pressures and progress on savings proposals (monitored over the full three year cycle) and pressures are being incorporated into the MTFS planning assumptions.			Blue	28/02/22	Amber
49	The budget report should include analysis of the use of reserves and balances compared to plan. [BP 45]	Priority 3	Embedded	100	Provision to return reserve levels to resilient levels were incorporated into the 2020/21 outturn and also into the approved three year MTFS. As part of the routine work of refreshing the MTFS, reserves levels are incorporated to ensure they remain sufficient to meet potential risk			Blue		Green
53	The budget monitor should incorporate a savings tracker, monitoring the realisation of savings proposals introduced through the budget setting process. [BP 47]	Priority 3	Embedded	100	A savings tracker is in place. This is being monitored as part of monthly budget monitoring. Monthly saving assurance meetings are taking place to monitor the delivery of savings including mitigations when savings are at risk.			Blue	30/06/21	Amber
69	The authority should review the level of contingency and also the level of the general fund balance to ensure these are at an appropriate level to manage the risks the authority is facing. On the basis of current overspending both are too low. [BP 54]	Priority 3	Embedded	100	The assessed required levels of general and earmarked reserves / contingencies were built into the Budget Setting processes for 2021/22 and are being refreshed as part of business as usual for the new MTFS - taking into account assessed levels of risk			Blue		
6	The authority should review its MRP policy to ensure that it adequately provides for debt repayment and matches its appetite and capacity for managing risk, particularly in relation to arm's length entities and commercial investments. [BP 10].	Priority 4	Complete	100	MRP and Debt charges were assessed and built into the budget set for 2021/22 and changes to those estimates are being factored into the refreshed MTFS			Blue		Green
40	The budget process should enable budget proposals to be built from the bottom up, so that they are underpinned by the expertise of practitioners. [BP 43]	Priority 4	Embedded	100	Budget proposals are being put forward by service managers (subject to review by individual ELT members) as a bottom-up process as well as a top-down corporate approach. Detail listings of all proposals being put forward are being circulated back to ELT and CLT members to ensure they are sighted on proposals and have a further chance to validate them.			Blue		

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55	Budget managers should be held to account if they do not remain within their agreed budget plan / promptly take corrective action when overspending is forecast. Failure to take appropriate action is a serious issue and potentially a disciplinary matter. [BP 47]	Priority 4	Embedded	100	Budget forecast positions and overspends are being considered by DLT's on a monthly basis and subsequently considered by CLT and then Cabinet. Challenge on adverse variances are made through each of these forums			Blue	30/06/21	
68	The authority should standardise the presentation of financial performance information. [BP 53]	Priority 4	Embedded	100	Standard monthly monitoring templates have been implemented for all service areas and are consolidated in the monthly report. Whilst embedded improvements to the format and content of those reports are in the process of being implemented for Period 6 reporting			Blue	31/07/21	Green
73	Capital underspends should be returned for reallocation to other priorities and not retained by departments. [BP 57]	Priority 4	Embedded	100	As was the case with the capital outturn for 2020/21, no automatic roll-forward of unspent capital budgets is assumed and all requests are considered on a case-by-case basis and form part of the outturn report and approvals			Blue	30/11/21	Amber
21	The authority should ensure that capital decisions are made in compliance with the agreed governance arrangements. [BP 23]	Priority 5	Embedded	100	The Capital Programme is now being monitored on a monthly basis, and as part of that process all capital budget changes are now being verified back to ensure appropriate approvals and governance arrangements have been followed			Blue	30/08/21	Amber
38	Departments should have clear financial targets to work to in developing budget options. [BP 43]	Priority 5	Embedded	100	As with the budget setting process for 2021/22, indicative savings targets (funding envelope) targets were set at the outset of the MTFS refresh process for service departments. Progress in identifying proposals are being monitored as part of that process against these targets			Blue	30/04/21	Green
39	In order to allow sufficient time for departments to develop robust proposals for growth and savings to feed into the budget decision-making process, departments should start work as early as possible in the cycle. This means not waiting until the MTFS has been revised but working to provisional targets beginning as early as May. [BP 43]	Priority 5	Embedded	100	Work on planning for the 2022/23 and refreshed MTFS began shortly after the 2021/22 was approved. Progress on delivering savings to target next year's budget and MTFS will be reported in an update to the October Cabinet and at subsequent meetings of Cabinet and other committees as appropriate.			Blue	30/04/21	
3	Risks identified in relation to strategic partners (and captured on the corporate risk register) should be explicitly considered when taking decisions in connection with those strategic partnerships. [BP 3]	Priority 1	In Progress	50	Risks have so far been taken into consideration with the most significant of the Council's own group companies and are being factored into other MTFS being refreshed. Risks that may relate to wider strategic partners (e.g. the NHS) are currently being assessed	30/11/20	28/02/22	Green	01/03/21	
32	The council should review group and company structures to ensure they are necessary and fit for purpose at regular intervals or when there is a significant change in the regulatory or funding framework. [BP 34]	Priority 1	In Progress	65	A task and finish group has been established and is working through the governance and accounting arrangements to reach full completion	19/10/20	31/12/21	Green	01/09/21	
33	Agreements with arm's length bodies should contain provision for the authority and its external auditors to have access to the records of the funded body. [BP 38]	Priority 1	In Progress	40	Agreement to allow full open-book access has been put in place for a number of group holdings but remains to be completed for all	19/10/20	31/12/21	Green	30/06/21	
47	Scrutiny should have a formal role in the process, with pre-scrutiny of proposals for significant change being feasible because of longer development timescales. Scrutiny of budget proposals should take place in the period November to February as the proposals are brought forward for Cabinet approval. [BP 44]	Priority 2	Deliver	0	Whilst scrutiny was undertaken in the latter stages of the 2021/22 budget process, plans in the current MTFS process look to bring the timetable for these forward to allow more time for detailed examination. This activity is not classed as embedded as the improvement in timescales (whilst planned) has not yet been delivered	01/09/21	31/01/22	Green		

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
1	The authority should conduct a scenario based financial resilience assessment to support the Medium Term Financial Strategy [BP 1]	Priority 3	Deliver	20	Scenario testing of planning assumptions will be incorporated into the final stages of this year's MTFS process to explicitly evaluate the potential risks around the budget and be factored into the required contingency risk and general reserves levels	01/06/21	31/01/22	Green	01/02/22	
74	Appropriate governance arrangements should be in place to oversee the delivery of the capital programme at a detailed level – this may be the Growth Board or a new arrangement. [BP 57]	Priority 3	In Progress	50	Capital monitoring is now undertaken in line with revenue budgets on a monthly basis. A re-constituted Capital Board has now begun to meet more regularly to review capital delivery to the same timescales receiving information on a line by line basis. Although arrangements have been recently put in place this programme is still flagged as in progress as sufficient time has yet to elapse for it to make a full impact on overseeing the capital programme and strategy	22/02/21	31/12/21	Green	31/07/21	Amber
20	The authority should ensure that its governance arrangements concerning capital are fit for purpose and clearly set out in the Capital Strategy and the council's Financial Regulations. [BP 23]	Priority 4	In Progress	50	Consideration of the Treasury Strategy in March 2021 included an outline Capital Strategy, but fell below all the requirements and considerations a full Capital Strategy would include. The development of a capital strategy fully compliant with best practice is a significant task and relies on a number of other strategies and work programmes that need to be taken into consideration. A more developed capital strategy will be developed and form part of the overall MTFS and Budget papers to be considered in February 2022	01/04/21	28/02/22	Amber	31/07/21	Amber
28	Service plans should be kept up to date and linked to the MTFS, in particular with regard to significant savings, growth, demand management and cost control matters. [BP 30]	Priority 4	Deliver	0	Service plans delayed until October.	01/10/20	31/01/22	Green	31/01/21	Amber
57	The data that budget holders rely upon to make their budget forecasts such as the staffing establishment should be corrected and kept up to date. [BP 48]	Priority 4	In Progress	30	Connectivity between our staffing management systems does not readily interface with the Council's financial management system. Work has been undertaken to reconcile the systems but further work is required as is resolving the interfacing of systems to facilitate the automatic matching of systems	01/04/20	31/01/22	Amber	30/06/21	Red
60	Employee budgets should be reconciled to and kept in step with the staffing establishment data. [BP 49]	Priority 4	In Progress	30	see CFR57 for updates, this is part of the same project.	01/07/20	31/12/21	Amber	08/03/21	Red
64	The MyFinance system should produce the summarised information needed by heads of finance when reporting the financial position without the need for further intervention. [BP 52]	Priority 4	In Progress	20	The MyFinance (accounting) system does allow for service managers to view their budgets at summarised levels and update forecasts in a single process. A review of that system has been undertaken and site visits to other councils using the system to identify how this system may be improved further. Pending any improvements that can be implemented, a training programme across all budget managers is planned to further embed conforming to financial regulations and use of the system is planned.	18/01/21	31/03/22	Amber	31/05/21	Amber

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
71	The authority should profile capital budgets accurately, aligning spend with the project delivery plan. [BP 57]	Priority 4	Deliver	0	Initial work as to how capital budgets may be profiled within the finance system have begun to be explored, but changes to the system and working practices may require a significant change and is unlikely to be in place for the current financial year	01/07/21	30/04/22	Amber	31/10/21	Red
75	The authority should monitor balance sheet risks such as the collection of sundry debtors, and use of provisions and reserves against plan, as part of the monthly budget monitoring arrangements. [BP 58]	Priority 4	In Progress	40	Most corporate finance items such as grants register and reserve register are on track to be completed but other registers such as sundry debtors are yet to be completed due to staffing issues in the finance team.	01/04/21	31/03/22	Amber		Amber
4	The authority should bring together the elements of its long term financial plans – i.e. the Capital Strategy, the Asset Management Plan, the Asset Investment Strategy, the 30 year business plan for the HRA, and the Treasury Management Strategy together with any other relevant long term financial planning information – in a Long Term Financial Strategy document [BP 5].	Priority 5	In Progress	20	Work on developing a full capital strategy is reliant on a number of other workstreams and the finalisation of the refreshed MTFs. Work will continue on this tracking towards a February completion	22/02/21	31/01/22	Amber	31/07/21	Amber
9	The Capital Strategy should have a time horizon of 20 to 30 years [BP 11].	Priority 5	In Progress	20	In developing the refreshed capital strategy referred to above, a suitable planning horizon over the longer term will be adopted	26/04/21	31/01/22	Amber	31/12/21	Amber
10	The Capital Strategy should explore external influences in more depth and consider how these affect the requirement and scope for capital investment over the long term (20-30 years). [BP 12]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	03/05/21	31/01/22	Amber	02/08/21	Red
11	The Capital Strategy should consider and model the long term (20-30 year) impact of internal influences such as the Asset Management Plan, the Education Estates Strategy, the Asset Investment Strategy, Digital Strategy, and other strategic documents and plans that concern the acquisition, disposal or use of assets. [BP 13]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	01/04/21	31/01/22	Amber	31/12/21	
12	The Capital Strategy should include consideration of all of the council's capital-related strategies and plans including the HRA. [BP 13]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	03/05/21	31/01/22	Amber	31/01/22	Green
13	The Capital Strategy should include consideration of risks and mitigations in relation to the council's asset investment strategy. [BP14]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	01/04/21	31/01/22	Amber	31/12/21	
14	The Capital Strategy should consider the long term financial implications of capital investment decisions (i.e. modelled over a 20-30 year period). [BP 15]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	01/04/21	31/01/22	Amber	31/12/21	Red
15	The Capital Strategy should include consideration of the organisation's capacity to secure the forecast funding (e.g. capital receipts) and the associated risks, with particular regard to arm's length bodies. [BP 17]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	01/04/21	31/01/22	Amber	31/12/21	
16	The Capital Strategy should consider the organisation's capacity to deliver the planned capital programme and evaluate the associated risks (e.g. impact and likelihood of slippage) [BP 17]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	05/05/21	31/01/22	Amber	31/01/22	
18	The authority should produce a 10-year capital investment plan (i.e. capital programme) – with actions, timescales, outputs and outcomes [BP 21]	Priority 5	Deliver	33	The council has a three year capital plan for the General Fund and work is nearing completion on the HRA business plan and capital requirements. Developing a longer range capital strategy will be dependent upon the completion of the capital strategy	19/10/20	30/06/22	Amber	21/12/20	

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
19	The Capital Strategy should capture the significant risks and mitigations in relation to the capital programme. [BP 22]	Priority 5	Deliver	30	Updated capital strategy being formulated for consideration in February - reliant on a number of other workstreams coming together to complete	30/04/21	31/01/22	Amber	31/12/21	Red
22	The authority should maintain an up to date asset management plan for operational property [BP 8, BP 24]	Priority 5	Deliver	50	Soft marketing to external consultants has secured a competitive bid from OCG to write AMP and manage the procurement of a condition survey plan. Costs included in capital plan and proposals will be included in October Cabinet paper		31/12/21	Amber		
23	The authority's asset management plan for operational property should meet best practice standards. [BP25]	Priority 5	Deliver	40	A very competitive proposal secured from One Consulting Group to undertake the work to produce an AMP and procure the condition surveys. Business case to be put forward for approval and recommendations included in October Cabinet paper	01/04/21	30/11/21	Amber	30/09/21	Amber
29	The authority should introduce systematic benchmarking of service performance with other organisations and with its own performance over time as part of its performance regime. [BP 31]	Priority 5	Project request	80	There is a report to Cabinet on the 12 April which sets out the next steps in order to deliver a robust corporate performance reporting framework. Work is underway to deliver this in full by September. This is an iterative process with the first draft of a performance report due to be presented to Cabinet and ELT in June. A further report will go to Cabinet in June to finalise the arrangements. Benchmarking against our previous performance, statistical neighbours, London and England averages will form part of the report.	-	31/10/21	Green		Green
34	The authority should ensure its representatives on boards are adequately supported to drive the authority's strategic objectives through the activities of the arm's length body. [BP 39]	Priority 5	Deliver	15	Part of CFR32 review, to be completed by September.	19/10/20	31/12/21	Amber	01/09/21	
35	The authority should ensure that in relation to its representation on the boards of arm's length companies, any conflicts of interests are identified and avoided or escalated and resolved. [BP 39]	Priority 5	Deliver	65	Part of CFR32 review	-	31/12/21	Amber	01/09/21	
37	The authority should bring together the elements of its long term financial plans in a Long Term Financial Strategy document (see BP 5 above). The budget report should evidence consistency with the long term financial strategy. [BP 42]	Priority 5	Complete	100	3 year MTFS in place and being refreshed for next year. 30 Year HRA business plan close to completion.	01/03/21	31/01/22	Amber		
42	Budget proposals should be evidenced by performance data and modelling to demonstrate robustness and deliverability, with performance and value for money benchmarked over time and against other organisations. [BP 43]	Priority 5	Deliver	30	As in 2021/22 budget comparative data will be provided in the MTFS budget challenge sessions.	19/10/20	28/02/22	Green	30/04/21	
58	The authority should consider ways of improving the MyFinance system to make it more intuitive and user friendly, or consider moving to another system that more closely meets budget holder requirements. [BP 48]	Priority 5	Deliver	20	This project is part of the wider MyFinance and MyResources system improvement. The target end date has been changed from May to December and the RAG Status has been changed to Red. This is because there is currently not enough staff resources to deliver this project along side other priorities. Furthermore there is a need to set a strategic direction for the wider improvement programme.	01/12/20	31/12/21	Amber	31/05/21	Amber

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No.s	Recommendation	Priority	Stage	% Progress	Latest update	Start date	Target end date	RAG	Target end date	RAG
61	Operational performance data should be reported alongside financial performance data to enable a full understanding of the cost/income drivers. [BP 49]	Priority 5	Project request	0	Progress around this area with the establishment of the establishment data project. Lead from Finance Nish, lead from HR Sue Moorman. Looking to ensure that the workforce reflects the structure accurately and this is replicated with finance codes and budget. Once all this is in place (go live early October) the foundations to build the reporting via Power BI will be much stronger.	01/07/20	31/01/21	Amber	31/01/21	Red
62	The council's budgetary control systems should support the use of profiling by budget holders. The guidance for MyFinance should support the use of budget profiles. [BP 50] Cllr Young	Priority 5	Project request	5	The system will require significant amount of readjustment to allow for this to take place and this will incur up front costs which will need to be worked through. Visit to other LA user of the system taken place to learn what improvements may be made in the short term	01/03/21	31/12/21	Amber	31/12/21	
63	Information should be presented in a more user friendly format that supports budget holders to understand the implications and take action. Operational performance information should be presented alongside the financial information. [BP 51]	Priority 5	Deliver	95	New version of the monthly monitor report has been produced which clearly breaks down risks and mitigations. Further enhancement to budget monitoring report in progress to present clearer and more visual analysis	18/01/21	31/03/22	Green		Amber
65	Operational performance information should be presented alongside the financial information. [BP 52]	Priority 5	Deliver	80	BI tracker tool has now been signed off and is used by finance. The data from this is what is used to populate the FPR report which goes to DLT's, ELT and Cabinet on a monthly basis. Finance provide the narrative and the figures which come from the tracker that they use so one source of the truth. At the moment it has been decided that the FPR and a more detailed monthly finance report remain separate but are presented to Cabinet at the same time.		01/10/21	Green		Green
70	The authority should consider identifying and monitoring specific budget risks in relation to partnerships and collaborative ventures as part of its routine budget monitoring. [BP 56]	Priority 5	Deliver	20	Focus to date has been on group company finances and financial challenge being shared and discussed with NHS.	01/04/21	28/02/22	Amber		
72	A standard programme/project methodology should be applied to all capital projects. [BP 57]	Priority 5	Deliver	10	The general fund capital programme is being refreshed as part of the new MTFS over a 4 year period. More detailed monitoring of capital programme has recently begun There will be an update on the MTFS in Autumn and will track to budget setting February.	01/04/21	31/03/22	Amber		

Status	Priority Classification					Total
	1	2	3	4	5	
Embedded	16	6	7	5	3	37
Green	3	1	2	1	4	11
Amber	-	-	-	6	21	27
Red	-	-	-	-	-	-
Total	19	7	9	12	28	75